Canadian Grain Commission / Commission canadienne des grains

Canadian Grain Commission

2008-2009

Report on Plans and Priorities

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

Canada

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SECTION I – OVERVIEW

Minister's Message

Welcome to the Canadian Grain Commission's *Report on Plans and Priorities 2008-09*. This report details how the CGC intends to use its resources to carry out its responsibilities to protect grain producers' interests and to ensure a dependable commodity for Canada's international and domestic markets. This Government is proud of the CGC's work and looks forward to working with the organization on these plans and priorities in order to better serve Canadian farmers.

Since being appointed Minister in August 2007, I have been impressed by the teamwork and sense of dedication shown by the partner organizations in the Agriculture and Agri-Food (AAF) Portfolio. These organizations – Agriculture and Agri-Food Canada, the Canadian Food Inspection Agency, Farm Credit Canada, the Canadian Grain Commission, the Canadian Dairy Commission and the National Farm Products Council – have different mandates, different roles and responsibilities and operate under different legislation. However, the organizations' common denominator is their shared goal of supporting and enhancing the agriculture and agri-food sector.

Now under the vision of *Growing Forward*, we are striving to build a profitable and innovative industry that seizes emerging market opportunities and contributes to the health and well-being of Canadians. I am relying on the continued collaborative efforts of a strong AAF Portfolio to realize this vision, while delivering the best possible services to our farmers and benefits for all our citizens.

Canada is known around the world for the quality, consistency, reliability and safety of its grain and grain products. This is a key factor in permitting Canadian exporters to market successfully in competitive international grain markets. In addition, an effective grain quality assurance system (GQAS) is essential for producers in order to realize maximum value from their grain.

The CGC has a long-term commitment to building and maintaining a strong quality assurance system for the Canadian grain industry from producers to customers. In order to do this, the CGC must not only respond to historical challenges facing the GQAS, but also anticipate and respond to significant technological advancements and other changes in the grain industry. Accordingly, CGC operations directly support Canada's efforts to brand Canadian agriculture as a leader in food safety and quality, science and innovation, and business risk management.

On December 13, 2007, I introduced to parliament Bill C-39, An Act to amend the *Canada Grain Act*. The proposed amendments will help to modernize the *Canada Grain Act* and the Canadian Grain Commission (CGC) to address evolving needs of the grain sector. They include clarifying the CGC's mandate, focusing the CGC on value-added activities for the grain industry and strengthening enforcement measures. The proposed amendments are based on recommendations of the Standing Committee on Agriculture and Agri-Food following a public, comprehensive and independent review of the Act and the CGC in 2006 by COMPAS Inc. The proposed reforms are consistent with the goals expressed in the *Growing Forward* framework for

agriculture. They will contribute to building a competitive and innovative grain sector by reducing costs, improving competitiveness, modernizing regulation, and providing choice. While the Bill is being considered by Parliament, the CGC will continue to operate under the provisions of the current *Canada Grain Act*.

During the review of the *Canada Grain Act* and the CGC, the Government of Canada announced that kernel visual distinguishability (KVD), the tool used to segregate wheat, will be removed for all western wheat classes. The removal of KVD will provide incentives to plant breeders and crop developers to put additional resources into research on new wheat varieties. Canada's variety registration process will continue to include the stringent quality, agronomic, and disease requirements – a key component in upholding Canada's quality brand.

This *Report on Plans and Priorities* highlights the CGC's plans and priorities for 2008-09 and future years. The report also sets the standards by which the CGC's performance in meeting its objectives can be assessed.

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

Chief Commissioner's Message

Welcome to the Canadian Grain Commission's (CGC) *Report on Plans and Priorities* for the fiscal year 2008-09. The CGC is the federal agency responsible for setting standards of quality and regulating Canada's grain handling system. Our vision is to be a leader in delivering excellence and innovation in grain quality and quantity assurance, research, and producer protection.

Canada has a strong reputation for supplying domestic and world markets with safe, high quality grain. The CGC's role in providing assurance of grain quality, quantity, and safety are integral in helping Canada maintain this reputation. As a result, the CGC plays a key role in achieving a "Canada Brand" for grains. The CGC will continue to work alongside the Minister of Agriculture and Agri-Food's portfolio partners and the grain industry to maintain market competitiveness and add value to Canadian producers and Canada's grain quality assurance system.

While the CGC operates in a climate of constant change stemming from shifting international and domestic markets, technological advancements, and evolving end-user needs, the *Canada Grain Act* has not been significantly changed since 1971. In addition, competitive markets and international standards and legislation are increasing demands for both grain quality and grain safety assurances. The CGC continues to deliver its mandated and regulatory responsibilities while re-allocating resources to new and emerging issues, but has faced significant funding pressures in recent years.

Bill C-39, An Act to Amend the *Canada Grain Act*, was introduced in Parliament on December 13, 2007. The Bill proposes significant changes to the *Canada Grain Act* and Canadian Grain Commission (CGC) operations. Amendments proposed in the Bill flow from the reports by COMPAS Inc. and the Standing Committee on Agriculture and Agri-Food and reflect the government's commitment to modernizing regulation, eliminating unnecessary regulation and reducing mandatory cost to Canada's grain sector, including producers. Key components of the bill include clarifying the Canadian Grain Commission's (CGC) mandate, eliminating inward inspection and inward weighing, and eliminating security as a requirement for licensing. The CGC will continue to protect producers by upholding the Grain Quality Assurance System (GQAS), which provides a competitive advantage to the Canada brand.

http://www.parl.gc.ca/legisinfo/index.asp?Language=E=15&query=5361&List=toc

Bill C-39 is subject to a legislative process that includes numerous steps, as well as opportunity for stakeholder feedback and amendments to the Bill. A final package of changes will not be known until legislation is actually passed. Depending on the timing of the process, some changes could be implemented as early as 2008, but more likely by 2009. While the Bill is being considered by Parliament, the CGC will continue to operate under the provisions of the current *Canada Grain Act*.

During the review of *Canada Grain Act* and the CGC, the Government of Canada announced that the kernel visual distinguishability (KVD) criterion will be removed for all western Canadian wheat classes. The removal of KVD will provide incentives to plant breeders and crop developers to put additional resources into research on new wheat varieties that offer higher yields, improved disease resistance and for other uses such as feed and bio-fuels. The CGC is part of an industry working group that is developing appropriate quality management systems, testing and monitoring protocols, and declarations to be used following the removal of KVD. The CGC is committed to working with industry stakeholders to maintain the integrity of the grain quality assurance system in a post-KVD environment and to support Canada's brand reputation and competitiveness in international grain markets.

The CGC is working in close collaboration with the other organizations in the AAF portfolio, provincial and territorial counterparts, and with a wide range of stakeholders in the development of the *Growing Forward* vision, particularly in the areas of Food Safety and Quality; Market Development and Trade; and Science and Innovation, to ensure that the new policies and programs effectively and efficiently meet the needs of all those working in the agriculture and agri-food sector.

This report outlines the CGC's plans and priorities for the fiscal year 2008-09. I am confident that our strategies will improve Canada's GQAS and help achieve maximum value for producers and Canadians overall.

Elwin Hermanson
Chief Commissioner
Canadian Grain Commission

Management Representation Statement

I submit for tabling in Parliament, the 2008-09 *Report on Plans and Priorities* (RPP) for the Canadian Grain Commission.

This document has been prepared based on the reporting principles contained in the *Guide to the Preparation of Part III of the 2008-09 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board of Canada Secretariat guidance;
- It is based on the department's strategic outcome and program activities that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved planned spending numbers from the Treasury Board of Canada Secretariat.

Gordon Miles

Gordon Miles
Chief Operating Officer

Raison d'être:

Mandate

The CGC administers the provisions of the *Canada Grain Act*. The CGC's mandate as set out in this Act is to, "in the interests of the grain producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets."

Vision

The CGC vision is to be "A leader in delivering excellence and innovation in grain quality and quantity assurance, research, and producer protection."

Department Description

Canada is known worldwide as a supplier of safe, high quality grain. Our edge in the marketplace has always been quality and consistency. The CGC's role in providing assurances of grain quality, safety and quantity help Canada maintain this reputation. The CGC enhances grain[1] marketing through the quality assurance, quantity assurance, grain quality research and producer support programs and services identified in Section II. The CGC's head office is located in Winnipeg, Manitoba. As of March 31, 2007, the CGC employed 631 full-time equivalents and operated 15 offices across Canada.

Canada's grain quality assurance system (GQAS) assures consistent and reliable grain quality that meets the needs of international and domestic markets. An effective GQAS is a key factor in permitting Canadian exporters to market successfully in competitive international grain markets and is essential for producers in order to realize maximum value from their grain. The Canadian grain quantity assurance system assures the weight of grain loaded into or discharged from conveyances and in storage in the licensed terminal and transfer elevator system to meet the requirements of the grain industry from producers to customers.

The CGC conducts research in support of the GQAS to address emerging issues and permit the effective marketing of Canadian grain in the interests of producers and the Canadian grain industry. In addition, the CGC is mandated to serve producer interests by upholding the *Canada Grain Act* and as such has implemented a number of programs and safeguards to ensure the fair treatment of Canadian grain producers. The provision of these CGC programs and activities results in equitable grain transactions and consistent and reliable Canadian grain shipments.

Funding for CGC programs and activities is through a combination of revolving fund and appropriation sources.

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[1] Grain refers to any seed designated by regulation as a grain for the purposes of the *Canada Grain Act*. This includes barley, beans, buckwheat, canola, chick peas, corn, fababeans, flaxseed, lentils, mixed grain, mustard seed, oats, peas, rapeseed, rye, safflower seed, solin, soybeans, sunflower seed, triticale and wheat.

Organizational Information

The CGC is a federal government agency and operates under the authority of the *Canada Grain Act*. The CGC is organized into the Executive, Corporate Services, Grain Research Laboratory (GRL), Industry Services and Finance divisions. The CGC reports to parliament through the Honourable Gerry Ritz, **Minister of Agriculture and Agri-Food**.

The CGC is headed by a **Chief Commissioner, an Assistant Chief Commissioner and a Commissioner** who are all appointed by the Governor in Council (GIC). The Chief Commissioner has the duties of a CEO and is responsible for supervision over and direction of the work of the CGC. The Assistant Chief Commissioner assumes these powers in the Chief Commissioner's absence. The Commissioners report directly to the Minister of Agriculture and Agri-Food. The roles and responsibilities of the Commissioners include administering and enforcing the *Canada Grain Act*, exercising quasi-judicial powers to arbitrate disputes, setting the CGC's strategic direction and vision, establishing policy within the parameters of the *Canada Grain Act* and consulting and liaising with the CGC's Assistant Commissioners, producers and industry stakeholders, Ministers, provinces and central agencies.

CGC operations and activities are headed by the **Chief Operating Officer (COO)** who reports directly to the Chief Commissioner. The COO co-ordinates and oversees the delivery of programs, services and activities of the CGC's four operating divisions: Industry Services, Corporate Services, GRL and Finance. The operating divisions are closely aligned to the program activities of the CGC's Program Activity Architecture. Each division is headed by a Director who reports to the COO and is a member of the CGC's Executive Management Committee (EMC). The COO is responsible for ensuring sound departmental management, liaising between the Commissioners and EMC by supporting recommendations in both directions and ensuring fiduciary responsibilities are met.

The CGC's **EMC** is composed of the COO, Director of Corporate Services, Director of the GRL, Director of Industry Services, Chief Financial Officer and Director of Human Resources (AAFC). The roles and responsibilities of the EMC are to provide recommendations and advice to the COO and Commissioners, respond to and support decisions taken by Commissioners, deliver a common message to internal and external stakeholders and manage resources and results in accordance with operational and strategic plans.

The **Director of Industry Services** is responsible for coordinating the programs, activities and services within Industry Services. The Industry Services division ensures that Canadian grain meets standards for quality and quantity through the inspection, grading and weighing systems. IS provides services in the areas of grain inspection and grading, grain weighing, registration, statistical support and liaison activities. The IS division is responsible for the delivery of Canada's grain quality and quantity assurance programs.

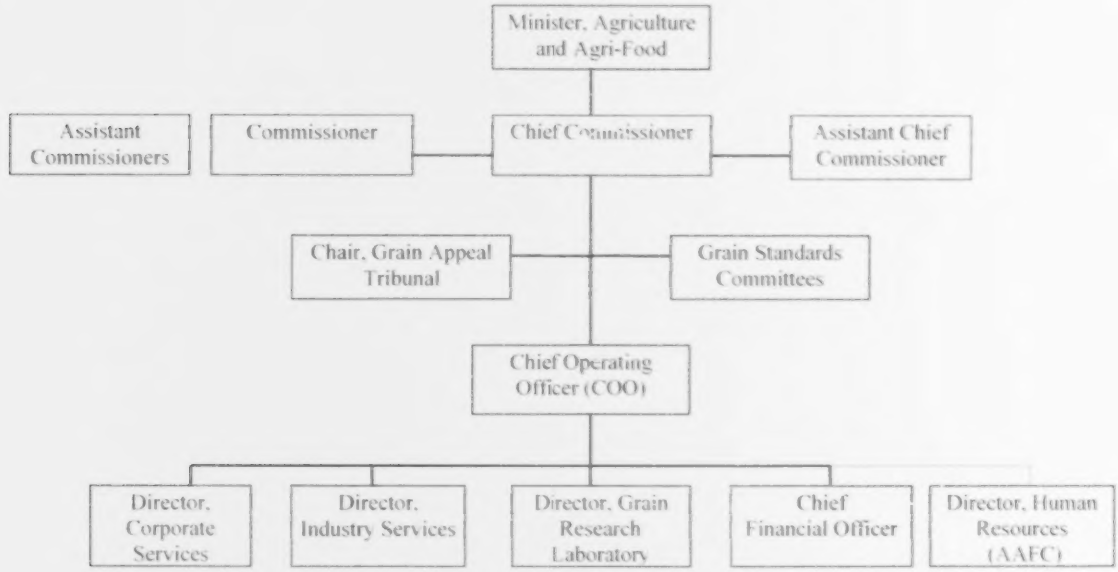
The CGC's GRL is an internationally known research centre and the Canadian centre for research on grain quality and safety. The **Director of the GRL** is responsible for coordinating and managing the CGC's grain quality research program. The GRL provides scientific and technical support to the quality assurance system by monitoring grain quality and safety,

conducting research to gain an understanding of the grain quality attributes required for a wide range of end-use products and researching how variety, environment and degrading factors influence quality attributes. In addition, the GRL conducts research to develop methods for the measurement and rapid prediction of end-use quality and grain safety.

The Corporate Services division is headed by the **Director of Corporate Services** who is directly responsible for the CGC's licensing program as well as the producer car program. In addition, the Corporate Services division generates and distributes grain-handling data and information used by the CGC, producers and the grain industry and provides support to the organization in the area of policy analysis and development, communications and statistical analysis. Corporate Services is also responsible for administrative matters, information technology services, CGC communications services and CGC workplace health and safety programs.

The Finance division is headed by the **Chief Financial Officer**. The Finance division provides professional advice and services on resource planning, financial position reporting and federal planning directives. The Finance division serves as the CGC's link to Government of Canada central agencies and to the Agriculture and Agri-Food Canada portfolio.

The CGC may have up to six Governor in Council appointed Assistant Commissioners for the main grain producing areas of Canada. The Assistant Commissioners are involved with producer and grain industry complaints and inquiries, and publicize the activities of the CGC at the farm level.



Program Activity Architecture Crosswalk

The Program Activity Architecture (PAA) is the basic structure for the management and allocation of resources to various programs and activities to achieve intended results. The following table provides a crosswalk to illustrate amendments to the CGC's PAA structure. The amendments simplify and clarify the CGC's PAA and satisfy *Management, Resources, and Results Structure Policy* requirements. These revisions will affect Estimates, Public Accounts display and parliamentary reporting documents for 2008-2009 and future years. The amendments result in a PAA structure that consists of one strategic outcome and four program activities. The amendments do not affect the CGC's mandate, core functions, programs or activities.

	2008-2009 PAA				
	Strategic Outcome: Canada's grain is safe, reliable and marketable and Canadian grain producers are protected.				
	Program Activity 1	**Program Activity 2**	**Program Activity 3**	**Program Activity 4**	**Total**
Financial Information $(000's)	Quality Assurance Program	Quantity Assurance Program	Grain Quality Research Program	Producer Protection Program	
Old Strategic Outcome / Program Activity					
1. A grain quality assurance system that addresses the changing requirements of domestic and international grain markets / Deliver inspection and testing services	53,306				53,306
2. A grain quantity assurance system that addresses the changing needs of the grain industry / Deliver weighing services		17,659			17,659
3. Research and development on grain quality that enhances the marketability of Canadian grain / Conduct research to understand and measure grain quality			11,350		11,350
4. Producers' rights are supported to ensure fair treatment within the grain handling industry / Protect producers' rights				4,863	4,863
Total	53,306	17,659	11,350	4,863	87,178

Voted and Statutory Items Displayed in Main Estimates

Vote or Statutory Item	Canadian Grain Commission	**2008-2009 Main Estimates ($ 000's)**	2007-2008 Main Estimates ($ 000's)
40	Program Expenditures	**4,756**	30,940
(S)	Canadian Grain Commission Revolving Fund	**(120)**	(127)
(S)	Contributions to Employee Benefit Plans	**577**	3,919
	Total Department	**5,213**	34,732

The Voted and Statutory items reflect the Canadian Grain Commission (CGC) comparison of approved funding from year to year. In 2007-2008, CGC received $30 million in "Sunsetter Funding" to cover operating shortfalls. In 2008-2009, CGC has been instructed to request this funding previously approved in the fiscal framework via a Treasury Board submission.

Departmental Planned Spending and Full Time Equivalents (FTEs)

($ thousands)	Forecast Spending 2007-2008	**Planned Spending 2008-2009**	Planned Spending 2009-2010*	Planned Spending 2010-2011*
Quality Assurance Program[1]	50,279	**29,065**	28,886	28,886
Quantity Assurance Program[1]	14,969	**11,635**	11,554	11,554
Grain Quality Research Program	7,663	**4,542**	4,431	4,431
Producer Protection Program[1]	3,086	**1,236**	1,607	1,607
Budgetary main estimates (gross)	75,997	**46,478**	46,478	46,478
Non-budgetary main estimates (gross)	0	**0**	0	0
Less: Respendable revenue	41,265	**41,265**	41,265	41,265
Total Main Estimates	34,732	**5,213**	5,213	5,213
Adjustments:				
Additional funding[2]	0	**0**	0	0
Internal audit	155	**0**	0	0
Supplementary estimates	0	**0**	0	0
Funding to address operating shortfalls	7,300	**0**	0	0
Operating surplus[2]	0	**14,200**	0	0
"Sunsetter" funding	0	**26,500**	0	0
Carry forward	0	**0**	0	0
Total Adjustments	7,455	**40,700**	0	0
Total Planned Spending[3]	42,187	**45,913**	5,213	5,213
Total Planned Spending	42,187	**45,913**	5,213	5,213
Less: Non-respendable revenue	0	**0**	0	0
Plus: Cost of services received without charge	1,678	**3,057**	445	439
Net Cost of Program	33,865	**49,215**	5,658	5,652
Full Time Equivalents	664	**664**	403	403

*Note: These resources are the current funding levels of the CGC based on the 2008-2009 Annual Reference Level Update (ARLU) report and amounts included in the fiscal framework, but not yet reflected in the ARLU. In 2008-2009 the CGC has been instructed to request via a Treasury Board Submission, $26.5 million special "Sunsetter" appropriation previously approved in the fiscal framework and $14.2 million in Operating Surplus. These funds are in addition to its annual appropriation of $5 million. Planned spending for 2009-2010 and 2010-2011 includes only the annual appropriation of $5 million and Revolving Fund respendable revenues.

[1] Includes Canadian Grain Commission (CGC) Revolving Fund activities.
[2] Additional funding includes $155K and $30 million granted through Supplementary Estimates "A" for 2007-2008. For 2008-2009, the amounts represent current Operating Surplus and "Sunsetter" funding. These appropriations are not included in the total main estimates line as they were not approved at the time of the CGC's ARLU report.
[3] ERC planned savings for 2007-2008 and onward are included in the total planned spending.

This table illustrates the relationship of the Revolving Fund Respendable Revenue and the total amount of Appropriation Revenue available for spending.

Summary Information

Financial Resources ($ thousands)

2008-2009	2009-2010*	2010-2011*
$87,178	$46,478	$46,478

Human Resources (FTE's)

2008-2009	2009-2010*	2010-2011*
664	403	403

*Note: These resources include current resources from all sources for 2008-2009. These sources are the approved based appropriation, Revolving Fund respendable revenue and amounts approved in the fiscal framework but not yet included in the Annual Reference Level Update (ARLU). Planned spending for 2009-2010 and 2010-2011 includes only the annual appropriation of $5 million and respendable revenue.

Departmental Priorities

Priority Name	Type
1. Ongoing delivery of the CGC mandate under the *Canada Grain Act* in a climate of constantly changing international and domestic markets, technological advancements and evolving end-user needs and preferences.	Ongoing
2. Positioning the Canadian Grain Quality Assurance System (GQAS) to remain relevant and to support the continued competitiveness of Canadian grains in both domestic and international markets, including the removal of kernel visual distinguishability (KVD).	Ongoing
3. Regulatory compliance.	Ongoing
4. Sustainable CGC funding mechanism.	Ongoing
5. Certification to meet International Organization for Standardization (ISO) standards.	Previously Committed To
6. Management priorities.	New
7. Bill C-39, An Act to Amend the *Canada Grain Act*.	New

Program Activities by Strategic Outcome

Program Activity	Expected Results	Planned Spending ($ thousands)			Contributes to the Following Priorities**
		2008-2009	2009-2010*	2010-2011*	
Strategic Outcome: Canada's grain is safe, reliable and marketable and Canadian grain producers are protected.					All Priorities
Quality Assurance Program	Consistent and reliable grain quality and grain safety assurance to meet the needs of domestic and international markets	53,306	28,886	28,886	Priority #1, #2, #4, #5, #6, #7
Quantity Assurance Program	Consistent and reliable quantity assurance of Canadian grain shipments	17,659	11,554	11,554	Priority #1, #2, #4, #5, #6, #7
Grain Quality Research Program	Research and development on grain quality and grain safety to support and improve Canada's GQAS	11,350	4,431	4,431	Priority #1, #2, #4, #5, #6, #7
Producer Protection Program	Producers' rights are supported to facilitate fair treatment within the licensed grain handling system	4,863	1,607	1,607	Priority #1, #3, #4, #6, #7

*Note: These resources include current resources from all sources for 2008-2009. These sources are the approved based appropriation, Revolving Fund respendable revenue and amounts approved in the fiscal framework but not yet included in the Annual Reference Level Update (ARLU). Planned spending for 2009-2010 and 2010-2011 includes only the annual appropriation of $5 million and respendable revenue.

**Note: Departmental Priority #4 and Priority #6 affect the CGC's ability to meet the expected results of all its program activities. The CGC will continue to operate under the provisions of the current *Canada Grain Act* and *Regulations* while Bill C-39 is being considered by Parliament (Priority #7).

Departmental Plans and Priorities

The Canadian grain industry operates in a climate of constant change stemming from shifting international and domestic markets, technological advancements and evolving end-user needs and preferences. The grain quality assurance program (GQAS) delivered by the CGC assures consistent and reliable grain quality that meets the needs of international and domestic markets. Canada's GQAS must be able to adapt to keep pace with the evolution of the global grain industry. This is particularly important considering Canada exported more than $28.3 billion worth of agriculture and agri-food products in 2006. Approximately 35% of these exports were grains, oilseeds and related products with an estimated value of $10 billion.

The CGC is continually building on the GQAS to maintain market competitiveness and Canada's reputation as a consistent supplier of quality grain. The CGC's strategic outcome is directly focused on and committed to ensuring safe, reliable and marketable Canadian grain as well as providing producer protection services. The CGC has four program activities, each with associated key programs and services, which are integral to the successful delivery of the organization's strategic outcome. These are the quality assurance program, the quantity assurance program, the grain quality research program and the producer protection program.

The CGC's corporate infrastructure allows the organization to deliver the programs necessary to achieve its strategic outcome and program activities and results in improved performance, increased employee productivity and effective communication with industry and producers. Although the CGC is a small department, the organization is committed to fulfilling its responsibility for government wide initiatives such as the Management Accountability Framework, providing services in both official languages, the Government On Line (GOL) initiative and effective partnering with other government organizations to provide service to Canadians in the most efficient and effective manner possible. The costs of implementing government wide initiatives and CGC corporate infrastructure are accounted for in the overall costs of delivering the CGC strategic outcome and program activities. Section IV provides further information on the CGC's plans and priorities with respect to government-wide initiatives and corporate infrastructure.

The departmental plans and priorities of the CGC delineate its response to the continual changes in the grain industry and are directed at meeting the sector's current needs. The following section outlines the CGC's departmental priorities during the planning period. While some of the priorities have significant potential to impact the capacity of the CGC to carry out its mandate and make significant progress towards the realization of our strategic outcome, resource commitments are based on the maintenance of ongoing CGC operations. The relationship between the CGC priorities and program activities are further detailed in Section II.

Priority #1: Ongoing delivery of the CGC mandate under the *Canada Grain Act* in a climate of constantly changing international and domestic markets, technological advancements and evolving end-user needs and preferences.

The CGC will continue to fulfil its mandate through the operation of a national GQAS. This entails effective inspection, weighing, monitoring and grain sanitation programs to ensure grain exports are uniform and consistent with regard to intrinsic quality and grain safety assurance, while at the same time ensuring fair grain transactions. In addition, the CGC's research and development on grain quality will continue in order to enhance the marketability of Canadian grain. http://grainscanada.gc.ca/

The first priority of the CGC is to continue consistent daily delivery of programs and services within each of its organizational divisions in support of the CGC's mandate. Ongoing delivery of the CGC mandate contributes directly to the achievement of the CGC's strategic outcome and all of the CGC's program activities. The major programs and services performed within each organizational division in support of this priority and the on-going human resources management activities necessary for the successful delivery of this priority are outlined below:

a. **Industry Services:**
   - Inspection services – outward and inward, reinspection and quality control, quality assurance standards, analytical services, dispute resolution services
   - Weighing services – outward and inward, dispute resolution
   - Registration and cancellation processes
   - Process verification and accreditation

b. **Grain Research Laboratory (GRL):**
   - Cereals, oilseeds and pulse research
   - Grain safety assurance – monitoring and research
   - Developing and evaluating objective grading methods
   - Variety identification – monitoring and research
   - Quality monitoring and assurance
   - Detection of genetically modified (GM) grains

c. **Corporate Services:**
   - Communication services
   - Information services
   - Administration
   - Policy, planning, and producer protection
   - Statistical services
   - Health and safety services

d. **Finance Division:**
   - Reporting at the national and organizational level
   - Accounting operations

- Budgeting and planning
- Costing and cost recovery
- Procurement

e. **Management of Human Resources:**
   - Resourcing, retention and performance management
   - Labour relations
   - Compensation and benefits
   - Learning and development

Priority #2 : Positioning the Canadian GQAS to Remain Relevant and to Support the Continued Competitiveness of Canadian Grains in both Domestic and International Markets.

Canada's robust GQAS has permitted Canadian grain to be "branded" internationally for many years, providing Canada with a competitive advantage in the global grain market. However, the sensitivities of international grain buyers continue to increase and generate more specific end-use and certification requirements. As such, the CGC has recognized the importance of continuing to evolve and refine the Canadian GQAS to remain relevant and competitive in both the domestic and international marketplaces.

The CGC is continually developing and implementing many programs, initiatives, and new research methods and processes aimed at strengthening the Canadian GQAS to ensure a dependable commodity. Enhancing Canada's GQAS contributes to the dependability and success of CGC program activity #1 (the grain quality assurance program) and program activity #2 (the grain quantity assurance program). In addition, this priority is a main focus of the CGC's research and development activities that are sponsored and promoted under program activity #3 (the grain research program).

Kernel Visual Distinguishability (KVD)

Currently, Canada's kernel visual distinguishability (KVD) requirement for wheat allows quick and cost effective segregation of wheat into quality classes based on visual distinguishability. While KVD has provided Canadian wheat growers with a competitive quality advantage, there are compelling reasons to move away from wheat segregation based solely on KVD. These include:

- Increasing demands for new varieties with different agronomic, disease resistance and end-use qualities to meet human (food), livestock (feed) and industrial (e.g. ethanol) needs. Presently, KVD is an additional criterion that plant breeders must incorporate into the development of new varieties.
- Nonregistered, visually indistinguishable varieties have the potential to compromise the quality of Canadian wheat shipments and the entire GQAS if they are misrepresented as a registered variety or accidentally enter the bulk handling system. They can cause significant financial losses for grain handling companies and marketers and pose a

particular concern for western Canada's premier milling wheats: Canada Western Red Spring (CWRS) and Canada Western Amber Durum (CWAD).

- Buyers of Canadian grains are becoming increasingly quality conscious and are requesting a wider range of quality types. In order to enhance the traditional visual grading system, it is necessary to develop faster, more flexible and more precise instrumental methods to analyze intrinsic quality characteristics and to certify grain quality and safety.
- Visually indistinguishable grains developed for non-milling uses, such as animal feed, fuel and industrial purposes, will require effective instrumental tools to analyze quality parameters and certify quality and safety. Effective segregation of these grains from the food supply is essential to maintain the overall value of the GQAS.

Since 2003, the CGC has been engaged in ongoing consultations with grain sector stakeholders regarding potential alternatives to KVD. After many thorough evaluations of the feedback, it was determined that the elimination of KVD for the minor classes will take place on August 1, 2008. In addition, current policy would see the elimination of KVD for the two major wheat classes, CWRS and CWAD, no later than 2010. However, work is under way to determine if complete removal of KVD, including for CWRS and CWAD, can occur on August 1, 2008.

Additional resources will be required for the removal of KVD to facilitate a smooth transition process and uphold the quality of Canadian grain shipments. Resources will be re-allocated to cover the necessary increase in monitoring and testing activities.

Industry Committee on the Removal of KVD

The CGC is part of a grain industry committee whose purpose is to determine what alternative systems or processes can be adopted that will permit producers and grain handlers to remain competitive in the global markets for wheat and durum following the removal of KVD. The work done by the Ineligible Varieties Working Group (IVWG), to help minimize the incidence of visually indistinguishable ineligible varieties being shipped to buyers under incorrect certification, was a starting point for this Committee. The working group includes producer representatives, the Western Grain Elevator Association (WGEA), the Inland Terminal Association of Canada (ITAC), the Canadian Wheat Board (CWB), and AAFC.

The committee is investigating the potential for an industry Quality Management System (QMS) to help ensure the integrity of wheat segregations from the point of delivery into a primary elevator and binning based on producer declarations, through to the loading of a vessel at a terminal elevator. The committee is also developing protocols that apply to sampling, varietal testing and monitoring to verify that segregations have not been compromised by commingling of wheats of different end-use qualities.

Development of rapid affordable variety identification (VID) technology

Knowing the variety composition of a shipment is a practical alternative for classifying grains into end-use classes. Technological development in the area of variety identification (VID), combined with objective testing, will be the ultimate replacement for KVD and underpin the future of the Canadian GQAS.

In order to support grain grading and inspection, to monitor the variety composition of export shipments, and to provide assurances for variety-specific shipments of wheat and barley, the CGC will continue to develop DNA-based VID technology. The CGC's goal is to establish a comprehensive variety fingerprint database for wheat and barley and implement these tools for the benefit of Canada's grain industry. The CGC is committed to working collaboratively with other organizations in an effort to transfer VID technology to the private sector for use in commercial VID testing. The CGC will also continue to be actively engaged with private and public sector partners in the evaluation and development of such technologies.

Process Verification

In a marketplace with increasing global demands for unique product specifications and traceability requirements, the CGC is developing and implementing process verification programs with the goal of enhancing global acceptance of Canadian grain by delivering specific quality attributes demanded by domestic and international buyers.

Canadian Identity Preserved Recognition System (CIPRS)

CIPRS is a voluntary tool for process verification that the industry can use to provide third party assurance of the processes used throughout the supply chain, from producer to shipper, to deliver the specific quality attributes and traceability that some domestic and international buyers require. During the 2008-09 planning period the CGC will continue to implement CIPRS to recognize industry's ability to deliver products with improved quality assurance systems for maximum acceptance in global markets.

The CGC plans to launch its CIPRS+ HACCP program early in the 2008-09 fiscal year. This new program, developed in partnership with Manitoba Agriculture, Food and Rural Initiatives and the Ontario Ministry of Agriculture, Food and Rural Affairs, will provide a unique tool for the grain industry to develop HACCP (Hazard Analysis Critical Control Points) based processes in order to provide safety assurances for grain, have them audited by CGC-accredited service providers and certified by the CGC. For further information on CIPRS and CIPRS+ HACCP programs refer to: http://grainscanada.gc.ca/prodser/ciprs/ciprs1-e.asp.

Pre-Export Certification

The CGC liaises with both international and other federal Canadian agencies on trade implications to meet international standards and legislation on grain safety. The CGC and the CWB cooperate through ongoing verbal and written communication respecting the control of mycotoxins in wheat for export to the European Union (EU). These agencies also interface when necessary with Health Canada and CFIA to ensure the safety of food stuffs.

Ochratoxin-A (OTA) is a mycotoxin that can naturally occur in stored grain depending on the temperature and moisture content of the grain, relative temperature and humidity, and the speed of any cooling or aeration processes. Both domestic and international legislation provides the authority to prohibit the sale of any food containing any chemical substance, including OTA, at levels that could pose a health risk to consumers. To date, Health Canada has not set regulatory limits for OTA in specific foods, but the European Union (EU) has stringent standards.

Canada has implemented extensive procedures to manage OTA levels in wheat shipments to EU member countries. This is being carried out in addition to CGC cargo monitoring, results of which show levels of OTA in Canadian wheat average one part per billion (ppb) or less. Any lot of grain that is found to contain a concentration of OTA above the EU 5ppb tolerance is isolated and is not loaded onto export vessels destined for EU member countries. Given its mandate, the CGC is committed to obtaining recognition of Canada's pre-export checks for OTA in wheat destined for the EU through its Article 23 Application. The CGC is in the final stages of receiving pre-export approval which will recognize Canada's OTA sampling and testing protocols and demonstrate Canada's ongoing commitment to EU customers, consumers, and regulators.

Research and Objective Testing

Many international grain buyers are investigating the exporting country of origin's practices and regulations concerning such factors as approved genetically modified (GM) events, pesticide registrations, residue limits and usage, and recognized grain and food safety programs.

During the planning period, the CGC will continue to augment its GQAS system with new objective testing methods to quantify the impact of degrading factors and to assure grain quality and safety for end- users.

Grain Safety

The CGC will continue efforts to develop new and improved objective methods for testing chemical residues, natural toxins, trace elements and micro-organisms because of the growing complexity and sophistication of regulatory and technological requirements of importing countries. Research initiatives directed at cargo specific grain safety testing for toxins such as OTA and baseline studies of bacteria and degrading factors such as fusarium will continue. http://grainscanada.gc.ca/Grl/grain_safety/grain_safety-e.htm

Grading System Factors - Falling Number (FN) and Rapid Viscosity Analysis (RVA)

FN is the internationally accepted measure of alpha-amylase activity – an enzyme found in sprout-damaged (germinated) wheat. Many buyers place strict limits on FN in the wheat they buy because flour damaged by alpha-amylase results in undesirable final product characteristics. Sprout damage in wheat is difficult to assess. A wheat sample containing even a small amount of severely sprouted kernels may have high levels of alpha-amylase activity.

In the Canadian wheat grading system, sprout damage is a visually assessed grading factor. The CGC is currently chairing an Industry Working Group, comprised of marketers, industry and producers, to assess the practicality of incorporating RapidVisco Analyser (RVA^{TM}) technology into the Canadian grading system. RVA technology offers an objective assessment of sprout damage by providing estimated FN values quickly and simply. Extensive discussions with Canadian grain industry and producer stakeholders have taken place and are ongoing as the CGC is committed to continuing its assessment of this new technology. The technology may provide the Canadian grain industry with the ability to segregate producer deliveries at the primary elevator. Ultimately, RVA technology may provide a solution to accurate, objective results in

primary elevators and in terminal elevators where space for specialized laboratory equipment is limited and the ability to segregate deliveries with rapid turnaround is critical.

Genetically Modified (GM) Grains

Many countries are establishing GM labelling and traceability requirements in response to differing consumer preferences. As a result, the ability to segregate GM grain and non-GM varieties is critical to maintaining Canada's international market share and meeting the requirements of the International Biosafety Protocol. The ability to segregate will benefit exporters of Canadian food products given that there is a growing requirement to label products. In addition, due to asynchronous approval of GM events in different importing countries it may become necessary to determine the status of grain shipments with respect to various GM events.

During the planning period, the CGC will continue to develop and/or validate GM organism detection, identification and quantification methods for grains. The CGC will also continue to collaborate with Agriculture Portfolio partners in the development of operational and testing efficiencies to address GM organism and low level presence (LLP) concerns. LLP is defined as the existence of unwanted biotechnology-derived or novel plant material in grain deliveries or shipments that negatively impact on commercial trade.

Priority #3: Regulatory Compliance

The CGC is committed to a sound regulatory framework that is effective, responsive, cost-efficient and accountable. The CGC's regulatory requirements will add value to the entire grain sector including producers and Canadians in general and will address the risks and challenges present in today's GQAS taking into account producer needs, changing agricultural business environments and the need to enhance the sector's competitiveness.

The CGC promotes, maintains and enforces compliance with the *Canada Grain Act* and the *Canada Grain Regulations* through compliance promotion programs, inspection and weighing activities, monitoring and investigations. For example, the CGC collects grain samples from a variety of sources, including primary elevator deliveries, terminal elevator unloads, new crop, and exports, to measure the effectiveness of, and compliance to, grain quality assurance standards and the overall GQAS. Enforcing compliance with the *Canada Grain Act* directly aligns the CGC with its legislative obligations and supports program activity #1, program activity #2, and program activity #4.

During the reporting period, the CGC will continue to investigate unlicensed facilities and enforce licensing and security compliance in accordance with the provisions of the current *Canada Grain Act* and *Regulations*. Licensing staff will continue to investigate and visit unlicensed facilities to determine licensing requirements and if necessary will initiate the process leading to prosecutions. The security program will remain in place until amendments to repeal the program are passed and declared in force.

During the planning period, the CGC will continue efforts to reduce federal administrative requirements and information obligations as required by Industry Canada's Paperwork Burden

Reduction Initiative (PBRI). The goal of the initiative is to reduce the administrative burden borne by business by implementing a 20-percent reduction in the number of federal administrative requirements and information obligations set out in the consolidated statutes and the associated regulations, policies, guidelines and forms for which key federal departments and agencies are responsible. The CGC has established an inventory of administrative requirements and information obligations and is committed to identifying areas where amendments can be made in an effort to meet the 20-percent reduction by the November 2008 target. http://reducingpaperburden.gc.ca/epic/site/pbri-iafp.nsf/en/Home.

Priority #4: Sustainable CGC Funding Mechanism.

The CGC is mandated to perform services as legislated by the *Canada Grain Act*. Due to changes in the grain sector, low user fee levels, and increased costs of providing service, the CGC has required additional ad hoc government funding each year since 1999 in order to fulfill its mandate.

In order to meet evolving grain industry needs, labour contract settlements, and general increases in the costs of goods and services, the CGC has engaged in an ongoing process of cost containment and internal re-allocation of resources to new and emerging priorities. The CGC recognizes the importance of continuing to evolve and refine Canada's GQAS to remain relevant and competitive in both the domestic and international marketplaces and will continue to work diligently to improve how it adds value to the grain industry and producers.

A sustainable funding mechanism is imperative for the CGC to carry out its legislated responsibilities and maintain its capacity to create value for producers, the grain industry, and the Canadian public as an integral part of a successful Canadian GQAS. A review of alternative funding mechanisms has been initiated and efforts will continue to determine an optimal funding arrangement. The CGC will continue to work in consultation with AAFC and Government of Canada central agencies.

Priority #5: Certification to Meet International Organization for Standardization (ISO) Standards.

ISO is a non-governmental organization and is the world's largest developer of standards. ISO itself does not regulate or legislate and its standards are voluntary. Industry Services, the CGC's main operating division, is ISO 9001:2000 certified. The ISO 9000 series of standards are primarily concerned with quality management specifically with respect to quality assurance in production, installation, and servicing. Maintaining ISO certification in Industry Services directly supports CGC program activity #1 (grain quality assurance program) and program activity #2 (grain quantity assurance program).

While Industry Services is ISO 9001:2000 certified, the CGC's GRL will continue to assess the applicability of ISO/IEC 17025 certification to certain methods in its laboratory testing environment. IEC (International Electrotechnical Commission) is the leading global organization

that prepares and publishes international standards for all electrical, electronic and related technologies. The ISO/IEC 17025 standard contains most of the aspects of the ISO 9000 series with the additional requirement of proven competencies in the area of certification, and general requirements for the competencies of testing and calibration of laboratories. In addition to supporting the grain quality research program (program activity #3), ISO/IEC certification of the GRL will support the scientific and technical support, provided by the GRL, to measure grain safety and end-use quality provided under program activity 1.

ISO certification throughout the CGC will improve efficiencies and give the customer increased confidences in the processes and testing methods that support Canada's GQAS. There is wide acceptance of ISO standards and an expectation by domestic and international grain customers that organizations such as the CGC conform to them.

Priority #6: Management Priorities

The CGC has identified several management priorities during the planning period to support the organization in achieving its strategic outcome and all of its program activities. These priorities are focused on improving management practices, controls, or infrastructure within the CGC in such areas as human resources, risk management, real property management and corporate services.

Management Accountability Framework

Accountability remains a key priority for the Government of Canada. The Treasury Board Secretariats' Management Accountability Framework (MAF) continues to evolve as an instrument of accountability and a tool for analysis. The MAF provides a structure for dialogue between the Treasury Board Secretariat and government departments on the state of management practices in the public service and on priorities for management improvement. The CGC's MAF Action Plan is available at the following link: http://grainscanada.gc.ca/pubs/corporate/maf/maf-e.htm. The results from the CGC's 2007-2008 MAF audit will be used as a source to identify management issues and priorities during the 2008-2009 planning period.

People Management Framework

The People Management Framework provides direction and focus for the CGC by setting out strategies for meeting human resource needs as we strive for excellence in delivering services to our clients. This Framework is the result of discussions at the executive level and at the middle management level through Leadership Sessions, as well as feedback from employees and bargaining agents through survey results. During the planning period, the Framework will be reviewed, evaluated and updated to ensure that the desired CGC direction for and focus on people is maintained.

Business Planning and People Planning Integration

People planning links people management to the CGC's vision, goals and objectives, strategic plan and budgetary resources. The main goal of people planning is to get the right number of

people with the skills, experience and competencies, in the right jobs, at the right time, at the right cost. The CGC has developed a CGC-wide people plan that integrates both business and people planning. During the planning period, the CGC people plans will be implemented and assessed in an effort to develop and put in place a rigorous, disciplined and comprehensive process for business and people planning integration. This will be a key tool in the management of workforce changes envisioned with the tabling of Bill C-39.

One Operational Group

At the December 6, 2005 Joint National Union Management meeting, members discussed the Government of Canada's efforts to modernize people management throughout the public sector. As a result of these discussions, members agreed to explore the concept of establishing 'One Operational Group' through the integration of Industry Services (IS) inspection and weighing staff into one classification. It is anticipated that one operational group will increase the efficiency and flexibility of services provided by IS and provide an IS workforce with a broader skill set. This would ease scheduling and administrative challenges and provide greater flexibility when backups are needed. CGC management and Agriculture Union, Public Service Alliance of Canada (PSAC) representatives formed a Steering Committee. A project team was established in September of 2006 to evaluate four options for one operational group and recommend a preferred option. The project team has completed its report and it has been provided to the Steering Committee for review. The Steering Committee will continue to analyse the feasibility and benefits of one operational group in IS.

Performance Development and Achievement

The CGC's Performance Development and Achievement Program (PDAP) involves managers, supervisors, and employees participating together to ensure that the work we do, and how we do it, supports the CGC in successfully achieving its strategic outcome, program activities and people outcomes. During the planning period, the CGC will continue to implement and evaluate its PDAP. Effective implementation of this program is an important initiative within the CGC People Management Framework. It connects to other CGC initiatives including competencies, performance measures and people planning.

Priority #7: Bill C-39, An Act to Amend the *Canada Grain Act*

Over the past several years, reviews of the CGC have repeatedly recognized the value of the CGC to the grain sector, but have also identified the need for change. On December 13, 2007, Bill C-39, An Act to Amend the *Canada Grain Act* (CGA), was introduced in Parliament. The proposed legislative reforms are based on the recommendations made by the SCAAF who in turn used the COMPAS Inc. report as the basis for its advice. These recommendations, as well as stakeholder consultations, provided the Government with guidance to determine how the CGC could effectively add more value to Canadian producers and the grain industry in general. The proposed reforms reflect the government's commitment to modernizing regulation and reducing mandatory costs to the grain sector, including producers.

Bill C-39 includes the following proposed legislative amendments:

- clarify the CGC's mandate,
- eliminate inward inspection and inward weighing,
- eliminate security as a requirement for licensing,
- provide authority to require declarations from shippers or producers during grain transactions,
- strengthen enforcement provisions which includes introducing a system of administrative monetary penalties in order to encourage compliance to the *Canada Grain Act*,
- extend "subject to inspector's grade and dockage" provisions for deliveries to primary elevators to include producer deliveries to grain dealers and process elevators, and
- revise text to ensure the *Act* reflects current practices and terminology.

Bill C-39 affirms the CGC's overriding mandate to ensure a dependable commodity for domestic and export markets. It does not propose any changes to programs related to establishing and maintaining standards of quality for Canadian grains; the inspection and weighing of export shipments; and the allocation of producer cars.

While the Bill is being considered by Parliament, the CGC will continue to operate under the existing provisions of the current *Canada Grain Act* and *Regulations*. The legislative process will include additional opportunities for stakeholder input. The CGC is committed to communicating with producers, industry, and other stakeholders throughout the legislative process.

Additional information can be found at the following web sites:

- Agriculture and Agri-Food Canada
  - Independent review of the Canadian Grain Commission and the *Canada Grain Act* www.agr.gc.ca/cgcreview
  - Minister Ritz Tables Amendments to the *Canada Grain Act* and the Canadian Grain Commission (News release)
    http://www.agr.gc.ca/cb/index_e.php?s1=n&s2=2007&page=n71213

- Standing Committee on Agriculture and Agri-Food
  - Report On The Review Of The *Canada Grain Act* And The Canadian Grain Commission Conducted By COMPAS Inc.
    http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=185696

- Parliament of Canada
  - Bill C-39 An Act to amend the *Canada Grain Act*, chapter 22 of the Statutes of Canada, 1998 and chapter 25 of the Statutes of Canada, 2004
    http://www.parl.gc.ca/legisinfo/index.asp?Language=E&Session=15&query=5361&List=toc

SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

The CGC has one strategic outcome to reflect the planned direction of the CGC as well as the daily delivery of the CGC's program activities. The strategic outcome reflects the long-term benefit to Canadians that stems from the CGC's mandate and vision. The CGC's strategic outcome is:

Canada's grain is safe, reliable and marketable and Canadian grain producers are protected.

To measure its success in delivering upon this strategic outcome, the CGC monitors the number of instances where buyers are dissatisfied with the CGC standards, methods and/or procedures used to ensure a dependable commodity for domestic and export markets. In addition, the CGC monitors the level of producer satisfaction with CGC producer protection services.

The CGC has identified four program activities to reflect how the resources under its control are allocated and managed to achieve intended results. Theses are the quality assurance program, the quantity assurance program, the grain quality research program and the producer protection program. Each program activity has associated ongoing key programs or services with their own expected results and performance indicators. This section provides detailed information on each program activity and illustrates how each program contributes to and supports the CGC's strategic outcome and plans and priorities delineated in Section I.

Corporate infrastructure and government-wide initiatives are integral to achieving results and are factored into delivering the strategic outcome and program activities using the CGC's costing model. The discussion and activities relevant to the CGC's plans and priorities on government-wide initiatives and corporate infrastructure can be found in Section IV.

Analysis by Program Activity

Program Activity 1: *Quality Assurance Program*

Financial Resources ($ thousands):

2008-2009	2009-2010	2010-2011
53,306	28,886	28,886

Human Resources (FTE's):

2008-2009	2009-2010	2010-2011
445	270	270

Canada's GQAS assures consistent and reliable grain quality that meets the needs of international and domestic markets. Daily provision of grain inspection and grading services as mandated by the *Canada Grain Act*, as well as strong scientific and technical support programs and services, are integral components to the overall delivery of an effective GQAS. Canada's GQAS is continually adapted to the end-use needs of domestic and international buyers of Canadian grain, and to the ongoing structural changes within the grain industry to maintain

Canada's reputation as a consistent supplier of quality grain. An effective GQAS is a key factor in permitting Canadian exporters to operate successfully in competitive international grain markets and is essential for producers in order to realize maximum value from their grain.

The overall expected result of the CGC's quality assurance program is consistent and reliable grain quality and grain safety assurance to meet the needs of domestic and international grain markets. The performance indicator used to measure success is the number of justified cargo complaints due to a breakdown in CGC quality and/or safety assurance. The annual target is zero justifiable cargo complaints.

This program activity supports departmental Priority #1 and Priority #2. Delivering inspection and testing services supports not only the ongoing delivery of the CGC mandate, but also positions Canada with a sustainable competitive advantage in global grain markets. Addressing Priority #4 (a sustainable CGC funding mechanism) is critical for the CGC to continue fulfilling its statutory mandate and maintain service levels to producers and the grain industry. Priority #5 (ISO certification) supports efficient and effective processes and enhances the CGC's international reputation for providing services that assure consistent, uniform grain quality in every shipment. ISO/IEC 17025 certification of the GRL will provide customers with increased confidences in the processes and testing methods that support Canada's GQAS. Successful development, implementation and delivery of the CGC's management priorities (Priority #6) support the organization in achieving all of its program activities.

Over the past several years, reviews of the CGC have repeatedly recognized the value of the CGC to the grain sector, but have also identified the need for change. The proposed amendments to the *Canada Grain Act* (Priority #7) include repealing mandatory CGC inward inspection and weighing. This includes:

- introducing amendments to facilitate private sector delivery of these services,
- providing a mechanism for producers or elevator operators to have access to binding CGC determination of grade and dockage,
- ending inspection and weighing of domestic laker shipments,
- eliminating the grain appeal tribunals, registration and cancellation of receipts, and terminal and transfer elevator weigh-overs; and
- combining terminal and transfer elevators into a single class.

In addition, the proposed amendments provide the CGC with the authority to require declarations during grain transactions and strengthen enforcement provisions. All of the proposed legislative amendments reflect the government's commitment to modernizing regulation and reducing mandatory costs to the grain sector, including producers. Modernization of the *Canada Grain Act* will ensure that the CGC's legislation, programs and services continue to meet the evolving needs of Canadian producers and the grain industry.

The CGC has identified the following key outputs as the main products and/or services of the quality assurance program: grain inspection and testing services provided, scientific and technical support provided to measure grain safety and end-use quality, and adaptations made to Canada's GQAS to ensure continued relevancy. These outputs contribute directly to the success of the CGC's quality assurance program and the CGC's overall success in making progress towards its strategic outcome. Details are provided to illustrate the key programs and services associated with each key output.

Key Program or Service:

1. Grain inspection and testing services provided

Daily provision of grain inspection and grading services forms a major part of the quality assurance system. The CGC delivers inspection services in accordance with the legislative mandate of the *Canada Grain Act* in order to meet the requirements of the grain industry from producers to customers. Grades allow buyers to identify end-use value without the need for end-use testing or direct examination of individual lots of grain. This improves the efficiency of grain handling and helps to ensure that sellers receive payment that reflects the value of their grain.

The following ongoing inspection activities and testing services are components of the overall delivery of the CGC's GQAS:

- Maintaining and delivering an effective Quality Management System as per ISO 9001:2000 standards.
  http://grainscanada.gc.ca/newsroom/news_releases/2004/2004-03-11-e.htm
- Inspecting and grading grain using regularly updated and approved standards:
  - prior to receipt at licensed terminal elevators, and
  - prior to export from licensed terminal, transfer or primary elevators to enhance marketing in the interests of producers and the industry.
- Providing an unbiased process for appeal of official inspections to producer car users, and licensed primary, terminal, and transfer elevator operators who disagree with the grades assigned by CGC inspectors. There are three levels of appeal: the regional inspector, the Chief Grain Inspector, and the Grain Appeal Tribunal.
  http://grainscanada.gc.ca/regulatory/grainappeal/tribunal-e.htm
- Conducting testing to ensure that grain in the domestic licensed elevator system and grain destined for export is infestation free.
- Providing certificates and documentation related to the inspection of grain exports to assure sellers and buyers of the quality of a shipment of Canadian grain and to facilitate its marketing.
- Inputting data into the grain inventory accounting system (GIAS) to ensure accuracy of terminal and transfer elevator transactions.
  http://www.grainscanada.gc.ca/prodser/gias/gias-e.htm

The expected result of this key program is consistent and accurate grain grading and testing. Daily provision of inspection and testing services for the GQAS is a key mandate supporting program that directly contributes to departmental Priority #1. Maintaining and delivering an effective Quality Management System as per ISO 9001:2000 standards directly supports departmental Priority #5.

To measure its success in delivering this key program, the CGC uses the following performance indicators:

- Number of instances where CGC inspection and testing results to not accurately represent the sample analyzed (target zero)
- Number of instances where the CGC did not follow established ISO Quality Management System (QMS) procedures (target zero)
- Percent adherence to established service standards (target 100 percent)

2. Scientific and technical support provided to measure grain safety and end-use quality

Canada's GQAS is supported by a strong scientific and technical base including testing of grains, processing into various end-use products, and assessing cooking quality.

The CGC has been testing grain for toxic substances since 1966 to monitor grain entering the licensed elevator system and to provide grain safety assurances to help marketers meet international buyers' requirements. The CGC is the only government agency that provides grain safety assurances on pesticides, trace elements, mycotoxins, fungi and moulds. Buyers of Canadian grain are increasingly demanding more rigorous, timely testing for chemical residues and trace elements on cargoes. These demands are increasing the importance of research aimed at developing new or adapting existing analytical methods.

The following scientific and technical support services are components of the delivery of an effective GQAS:

- Ongoing monitoring of export cargoes to ensure Canadian grain is meeting international grain safety and sanitation tolerances and end-use quality (e.g. toxic residues, bacterial contamination, weed seeds, insects, and malting quality for specific barley varieties). In light of increasingly stringent international food safety regulations, cargo specific grain safety testing is increasing (e.g. DON, OTA).
- Liaising with both international and other Canadian agencies on trade implications, to meet international standards and legislation on grain safety.
- Annual Harvest Survey - assessing new crop quality specific to a range of grain types and relevant to the marketing of the crop to provide new and ongoing geographical and quality data. http://grainscanada.gc.ca/Quality/harvsur/hs-e.htm
- Monitoring the grading system and verification process to continually maintain and improve grading consistency. http://www.grainscanada.gc.ca/Pubs/GGG/ggg-e.htm
- Evaluating new technology to measure end-use quality to improve the utilization and increase the marketability of Canadian grain.
- Canadian Identity Preserved Recognition System (CIPRS) – providing a voluntary program to recognize industry's ability to deliver products with better quality assurance systems for maximum acceptance in global markets marked by demands for unique product specifications and traceability. http://www.grainscanada.gc.ca/pubs/brochures/ip_recognition/ip_recognition04-e.htm
- Providing technical advice and training, information on grain quality assurance issues, and transferring technology in the form of validated methods to producers and industry stakeholders.
- Managing a complaint resolution process for the quality of grain cargoes and conducting unload investigations upon shipper and producer request to ensure customer satisfaction.

Provision of scientific and technical support facilitates optimal management of the GQAS and affords increased opportunities for various end-uses of Canadian grain. The expected result of this key program is accurate and relevant scientific and technical support provided in support of the GQAS. Based on these expected results, this key program supports departmental Priorities #1 and #2. Maintaining and delivering an effective Quality Management System as per ISO 9001:2000 standards directly supports departmental Priority #5. ISO/IEC 17025 certification of

the GRL will provide customers with increased confidences in the processes and testing methods that support Canada's GQAS.

To measure its success in delivering this key program, the CGC uses the following performance indicators:

- Number of instances where clients are dissatisfied with the scientific and technical support provided to measure grain safety and end-use quality (target zero)
- Number of instances where Industry Services did not follow established ISO Quality Management System (QMS) procedures (target zero)
- Number of instances where the GRL did not follow established scientific methods and procedures (Good Laboratory Practices) and where laboratories did not meet proficiency standards (target zero)
- Percent adherence to established service standards (target 100 percent)

3. Adaptations made to Canada's GQAS to ensure continued relevancy

There continues to be challenges facing the CGC and the GQAS including increased international emphasis on end-use functionality, growing global competition, and shifting domestic crop production and volume fluctuations. Addressing these challenges is vital in making significant progress towards the successful delivery of this program activity and the ultimate success of the CGC in delivering upon its strategic outcome.

A broad spectrum of producers and grain industry representatives meet several times annually, through the Western and Eastern Standards Committees and commodity-specific subcommittees, to study and review grain standards, ensuring relevance and value of those standards in facilitating the movement of grain and transfer of ownership. The CGC tracks buyers' satisfaction with the consistency of Canadian grain through feedback garnered by CGC personnel from overseas or domestic buyers and processors. In addition, the CGC receives feedback on the GQAS directly from producers and grain handlers. The feedback received is used to build upon and strengthen the existing GQAS to ensure continued relevancy.

The following initiatives and programs are underway to address pressures on the GQAS and the visual based grading system:

- Developing, changing, and setting grain quality standards as well as generating and distributing grain quality data and information, in partnership with the grain industry through the Western and Eastern Standards Committee meetings, to meet specific industry and buyer needs. http://grainscanada.gc.ca/regulatory/standards/standards-e.htm
- Administering and adapting a national grain sanitation program to ensure that grain in the domestic licensed elevator system and grain destined for export is infestation free.
- Industry Committee on the Removal of KVD – Continuing to participate in the development of protocols for sampling, testing, and process verification standards with the objective of addressing the challenges of correctly segregating and certifying wheat shipments without the use of KVD.
- Continuing increased monitoring of railcar and vessel shipments for the presence and source of nonregistered wheat varieties to support the CGC certification processes and ultimately maintain end-use processing quality and customer perceptions of Canadian grain.

- Continuing to develop effective, timely, affordable VID technology to identify the variety composition of wheat shipments and enable segregation for variety specific shipments.
- Continuing to develop rapid methods and systems that can assist in identifying varieties with different characteristics in grains other than wheat (e.g. flax and canola).
- CIPRS+ HACCP – finalizing the infrastructure to provide audits, verification and certification of HACCP-based processes in order to provide safety assurances for grain.
- Contract Registration Technical Committee – Continuing to develop a risk assessment framework to assign non-conforming wheat varieties proposed for contract registration into different risk categories; work in partnership with the CFIA to design a program to ensure the segregation of wheat lines with diverse risk within closed-loop contract registration systems; and establish monitoring requirements and costs according to risk categories.
    - In collaboration with CFIA, assessing the results of the pilot project designed to study the performance of the closed-loop contract registration system for variety 5400IP.
- Third Party Accreditation – Developing protocols for accrediting or designating third party agencies, with CGC oversight, to perform sampling in order to make CGC certification services more readily available to container facilities.
- Pre-export certification for OTA – Continuing efforts to receive pre-export approval to recognize Canada's OTA sampling and testing protocols and demonstrate Canada's ongoing commitment to EU customers, consumers, and regulators.

The expected result of this key program is implementation of new programs, initiatives, research methods and processes aimed at strengthening Canada's GQAS. Given this expected result, this key program supports departmental Priority #2. To measure its success in delivering this key output and achieving the expected results, the CGC evaluates its response to client feedback with respect to programs, initiatives, research methods and processes aimed at strengthening Canada's GQAS. The target is zero instances where feedback has not been considered.

Program Activity 2: *Quantity Assurance Program*

Financial Resources ($ thousands):

2008-2009	2009-2010	2010-2011
17,659	11,554	11,554

Human Resources (FTE's):

2008-2009	2009-2010	2010-2011
133	81	81

The Canadian grain quantity assurance system assures the weight of grain loaded into or discharged from conveyances and in storage in the licensed terminal and transfer elevator system to meet the requirements of the grain industry from producers to customers. Daily provision of grain weighing services as mandated by the *Canada Grain Act* forms a major part of the quantity

assurance program. To maintain relevancy and address constantly changing industry demands, ongoing technical assistance is provided in support of the grain quantity assurance system.

The challenges for the quantity assurance system include increased requirements for quantity information to manage grain stocks and keeping up-to-date with increasingly sophisticated weighing and transfer technology in grain elevators.

The overall expected result of this program activity is consistent and reliable quantity assurance of Canadian grain shipments. The performance indicator used to measure the CGC's success in meeting the expected result is the number of justified cargo complaints due to a breakdown in CGC assessment of quantity. The target is zero justifiable cargo complaints.

This program activity directly supports departmental Priority #1. Delivery of weighing services and programs is a component of the ongoing provision of the CGC mandate and the Canadian GQAS. In addition, the ongoing review and development of weighing programs, procedures, and equipment contributes to enhancing the Canadian GQAS and departmental Priority #2. Addressing Priority #4 (sustainable funding) is critical in order for the CGC to fulfill its statutory mandate and maintain weighing service levels to the grain industry. ISO certification (Priority #5) of CGC quantity assurance services supports efficient and effective processes and enhances the CGC's international reputation for consistent and reliable grain shipments. Successful development, implementation and delivery of the CGC's management priorities (Priority #6) supports the organization in achieving all of its program activities.

The proposed amendments to the *Canada Grain Act* (Priority #7), aim to reduce the mandatory costs and regulatory burden to the grain industry while at the same time maintain the integrity of the grain quantity assurance program. As noted under Program Activity #1, the amendments include a proposal to repeal mandatory inward inspection and weighing. The proposed amendments impact upon many of the activities and services provided under the Quantity Assurance Program including inward weighing services at all port locations, registration and cancellation of receipts, and terminal and transfer elevator weigh-overs. Until such time as the amendments become law, the CGC will continue to operate and provide service under the current provisions of the *Canada Grain Act* and *Regulations*.

The CGC has identified the following key outputs as the main programs and services of the quantity assurance program: grain weighing services provided and technical support provided to the quantity assurance program. These outputs contribute directly to the success of the CGC's quantity assurance program and the CGC's overall success in making progress towards its strategic outcome. Details are provided to illustrate the key programs and services associated with each key output.

Key Program or Service:

1. Grain weighing services provided

The CGC delivers weighing services to meet the legislative mandate of the *Canada Grain Act* and the requirements of the grain industry from producers to customers. Essential weighing procedures are defined within the CGC's Quality Management System (QMS) Procedure

Manual, or outlined in a QMS Work Instruction Format, and are accessed by weigh staff to ensure consistent application of procedures. CGC weighing policies and procedures are monitored and evaluated through a series of reporting policies and national discussion and review forums.

The following ongoing weighing services and programs are components of the overall delivery of an effective grain quantity assurance system:

- Delivery of weighing services to maintain an effective QMS as per ISO 9001:2000 standards.
  http://grainscanada.gc.ca/newsroom/news_releases/2004/2004-03-11-e.htm
- Providing weighing services:
  - upon request, at licensed primary elevators for the quantity assurance of grain shipments; and
  - prior to receipt at licensed terminal elevators and prior to export from licensed terminal or transfer elevators to enhance grain marketing in the interests of producers and industry.
- Collecting railcar data and information and inputting into the Grain Inventory Accounting System (GIAS) for the industry to provide accurate licensed terminal and transfer grain inventory data. http://grainscanada.gc.ca/prodser/gias/gias-e.htm
- Preparing official unload reports at licensed terminal and transfer elevators to authenticate received weights. These reports are used by the Dispute Resolution Service (DRS).
- Conducting official weigh-overs of all stocks in store at licensed terminal and transfer elevators at prescribed intervals.
- Monitoring to ensure that the quantity and/or identity of grains shipped under IP systems is preserved.

The expected result of delivering weighing services for the quantity assurance system is accurate reporting of official weights in grain transactions. The daily provision of weighing services supports not only the ongoing delivery of the CGC mandate (Priority #1) but also supports the continued reliability and competitiveness of Canadian grains in both domestic and international markets (Priority #2). Delivering weighing services to maintain an effective Quality Management System as per ISO 9001:2000 standards directly supports departmental Priority #5.

To measure its success in delivering this key output, the CGC uses the following performance indicators:

- Number of instances where CGC reporting of official weights is not accurate (target zero)
- Number of instances where the CGC did not follow established ISO Quality Management System (QMS) procedures (target zero)
- Percent adherence to established service standards (target 100 percent)

2. Technical support provided to the quantity assurance system

In order to maintain relevancy and to address constantly changing industry demands, the CGC provides ongoing technical support for the quantity assurance system. Regular review of quantity assurance processes allows the CGC to adjust the service procedures as necessary through Improvement Requests (IR), and identify or adjust training requirements as needed.

The following services are components to this key program:

- Delivery of the weighing system inspection program and grain inventory accounting services to maintain an effective QMS as per ISO 9001:2000 standards. http://grainscanada.gc.ca/newsroom/news_releases/2004/2004-03-11-e.htm
- Generating, collecting, interpreting and distributing railcar data and information and generating reliable grain quantity data on an ongoing basis to meet specific industry and buyer needs. http://grainscanada.gc.ca/Information/stats-e.htm
- Establishing and maintaining grain quantity assurance standards to continuously evolve with industry grain weighing procedures and equipment standards.
- Developing monitoring systems for both weighing and grain flow verification processes to increase the effectiveness of the quantity assurance system.
- Managing the Grain Inventory Accounting System (GIAS) for the industry to provide accurate information of licensed terminal and transfer grain inventory data. http://grainscanada.gc.ca/prodser/gias/gias-e.htm
- Managing the complaint resolution processes for quantity of export grain cargoes to maintain ongoing customer satisfaction.
- Managing the DRS to assist grain producers and the grain industry in recovering for grain lost during transport by railcar or during the discharge process. An extensive historical railcar deficiency database is maintained to substantiate shippers' reported weight loss claims. This database provides information on railcar derailments, railcars missing at destination and commingling of contents at unload, and allows tracing of railcar location and placements.
- Verifying the overage or shortage of grain, grain products, or screenings in licensed terminal and transfer elevators pursuant to the tolerances stipulated in the *Canada Grain Regulations*.
- Providing ongoing technical advice to meet specific industry and buyer needs.

The expected result of this key program is to maintain standards on quantity for Canadian grain shipments and facilitate accurate reporting of quantity information. Providing technical support of the quantity assurance system supports departmental Priority #1 and contributes to Priority #2.

To measure its success in delivering this key output, the CGC assesses the programs, initiatives and processes that support the quantity assurance program (target = zero instances where feedback has not been considered).

Program Activity 3: *Grain Quality Research Program*

Financial Resources ($ thousands):

2008-2009	2009-2010	2010-2011
11,350	4,431	4,431

Human Resources (FTE's):

2008-2009	2009-2010	2010-2011
60	36	36

The *Canada Grain Act* requires the CGC to undertake, sponsor and promote research related to grains. The CGC's Grain Research Laboratory (GRL) conducts research in support of the GQAS to address emerging issues and permit the effective marketing of Canadian grain in the interests of producers and the Canadian grain industry. The GRL researches methods to measure grain quality and safety, new quality and safety factors, and grain standards. In addition, the GRL carries out the CGC's annual Harvest Survey.

There are major challenges confronting the CGC's research activities and the GQAS due to the changing needs of the Canadian grain industry. There is a shift in the type of crops grown and their end-uses, increased demand for variety identification by objective non-visual methods, and concerns with GM crops. Research focus has shifted to address these issues in pulses, new types of oilseeds, variety identification, and GM crops. However, research related to traditional crops, such as wheat, barley, canola and flax, is still essential as these crops make up a significant proportion of the domestic and export markets. There is increasing emphasis on end-use functionality, especially new end-uses in the domestic industry. Grain is increasingly being sold based on specifications requiring objective non-visual testing of quality or safety factors and the provision of grain quality and safety assurances.

The expected result of this program activity is research and development on grain quality and grain safety to support and improve Canada's GQAS. The performance indicator used to measure the CGC's success is an overall assessment of the grain quality and grain safety research undertaken, sponsored, and/or promoted by the CGC. The target is delivering excellence in grain quality and safety research.

This program activity directly supports departmental Priority #1 as undertaking, sponsoring and promoting grain related research upholds the mandate of the CGC. In addition, ongoing research on methods and measurement factors to determine quality and safety, end-use applications of Canadian grain, and quality of new breeders' varieties supports improvement of the Canadian GQAS and departmental Priority #2. Addressing Priority #4 (sustainable funding mechanism) is necessary in order for the CGC to fulfil its statutory mandate and continue ongoing research focused on understanding and measuring grain quality. During the planning period, the GRL will be assessing the applicability of ISO/IEC 17025 certification to certain processes in its laboratory testing environment in support of departmental Priority #5. Successful development, implementation and delivery of the CGC's management priorities (Priority #6) and the review of

the Canada Grain Act (Priority #7) supports the organization in achieving all of its program activities.

The CGC has identified the following key outputs as the main products and services of the grain quality research program: research conducted on methods to measure grain quality and grain safety, research conducted on grain quality and grain safety factors, and research conducted on grain standards. These outputs contribute directly to the overall effectiveness of the GQAS and as a result, the CGC's ability to deliver upon its strategic outcome. Details are provided to illustrate the key programs and services associated with each key output.

Key Program or Service:

1. Research conducted on methods to measure grain quality and grain safety

Rapid non-visual methods for the assessment of grain quality and safety are required in order to maximize the return on investment to each segment of the Canadian grain handling system. New internationally accepted methods are necessary to capture and maintain the inherent value through all phases of the marketing system from producer to end-user.

The following ongoing research activities are components of this key program:

- Developing new and improved methods for evaluating and measuring end-use quality and safety factors for all grains, (e.g. Near Infra Red (NIR), digital imaging, rapid viscosity analysis (RVA), VID technology, pulse cooking quality, OTA and DON assessment methods) to meet international and domestic marketing requirements.
- Providing third party unbiased evaluation of quality characteristics of breeders' new varieties as part of the registration process.
- Researching the suitability of Canadian grain varieties for various domestic and international end-uses to increase the marketability of Canadian grain in the interests of producers.
- Developing internationally accepted methods for evaluation of grains, oilseeds and pulse quality and safety.
- Expanding research on computer-assisted image enhancement and measurement to assess grain quality and develop rapid accurate tests to measure visual quality factors.
- Assessing the use of objective tests to increase efficiency, reduce costs and enhance the testing capabilities of the CGC.

The expected result of this key program is the development of recognized methods for quality and safety evaluation of all grains. Based on this expected result, researching methods to measure grain quality and grain safety supports departmental Priority#1 and Priority #2.

To measure its success in developing research methods in support of the GQAS, the CGC tracks:

- Adaptation and implementation of objective testing methods used to measure grain quality and grain safety
- Publications and/or presentations on methods to measure grain quality and grain safety

2. Research conducted on grain quality and grain safety factors

In order to remain competitive in the international marketplace, it is important that future grain quality and safety attributes be anticipated and captured. As such, research that supports emerging issues in the GQAS is crucial to all segments of the Canadian grain industry.

The following ongoing research activities are components of this key program:

- Continuing collaborative and jointly funded research efforts (nationally and internationally).
- Research of relevant factors and development of methods to provide grain safety assurances on quality factors for domestic and international markets.
- Developing and validating research to improve quality and safety evaluation of grains (e.g. sprout damage in wheat, chlorophyll in canola, dehulling in lentils, germination energy in barley, food use of flax, noodle quality, trace element determination).
- Continuing research on wheat and barley DNA and protein fingerprinting methods to develop tests for identifying and quantifying varieties of grains in shipments in order to develop the capacity for identifying multiple variety composition and enable segregation of variety specific shipments.
- Development of methods for identifying and quantifying GM grains to enable determination of GM status of grain shipments.
- Identifying specific areas of interest (as part of the portfolio's strategic research plan) by establishing working groups on science infrastructure, human resources, longer-term science vision, GM issues, and disposal of animal and plant health emergencies.

The expected result of this key program is to develop new methodologies to meet changing producer, industry, and customer demands for specific end-use quality, variety identification and safety factors. Based on this expected result and the contributing programs and initiatives, researching new quality factors supports departmental Priority #2.

To measure its success in researching emerging quality factors to support the GQAS, the CGC tracks:

- Adaptation and implementation of objective methods to support emerging producer, industry and customer demands
- Publications and/or presentations of methods on grain quality and grain safety factors

3. Research conducted on grain standards

Continually evolving uses of grain require that the CGC have the ability to anticipate, identify, and measure new grain specifications and standards to meet changing industry needs.

The following ongoing research activities are components of this key program:

- Developing specifications and measurement protocols to support new standards.
- Increasing the amount of objective testing (e.g. digital image analysis, NIR, oil composition) to replace subjective quality assessment factors with numerical tolerances.
- Developing testing protocols to support the segregation of grains with new end-use traits.

The expected result of this key program is to develop objective testing protocols and specifications to support the Canadian grading system and facilitate the end-use diversification of Canadian grains. Given this expected result, researching new grain standards supports departmental Priorities #1 and #2.

To measure its success in ensuring that this key program is on track the CGC monitors:

- Adaptation and implementation of objective testing protocols and specifications to support the Canadian grading system
- Publications and/or presentations on grain standards

Program Activity 4: *Producer Protection Program*

Financial Resources ($ thousands):

2008-2009	2009-2010	2010-2011
4,863	1,607	1,607

Human Resources (FTE's):

2008-2009	2009-2010	2010-2011
27	16	16

The CGC is mandated to serve producer interests by upholding the *Canada Grain Act* and as such has implemented a number of programs and safeguards to ensure the fair treatment of Canadian grain producers. These include the licensing and security program, allocation of producer cars for producers and producer groups that wish to ship their own grain, and producer liaison measures including a grain grade appeal system. In addition, the CGC collects and updates grain quality data and grain handling information to facilitate producer sales and marketing decisions.

The overall expected result of the producer protection program is that producers' rights are supported to facilitate fair treatment within the licensed grain handling system. The performance indicator used to measure success is CGC response to producer complaints. The target is zero unresolved or unaddressed complaints.

Protecting producer rights directly supports departmental Priorities #1 (ongoing delivery of the CGC mandate) and #3 (regulatory compliance) as the CGC is mandated to ensure the fair treatment of producers within the grain handling system. Addressing Priority #4 (sustainable CGC funding mechanism) is necessary to maintain producer satisfaction with the delivery of various procedures and systems related to their protection. Successful development, implementation and delivery of the CGC's management priorities (Priority #6) supports the organization in achieving all of its program activities.

The proposed amendments to the *Canada Grain Act* (Priority #7) will ensure the CGC's legislation, programs, and services continue to meet the evolving needs of producers and the grain industry. The amendments will benefit producers by building a lower cost, competitive and

innovative grain sector. The proposed amendments include clarification of the CGC mandate by identifying that the CGC shall specifically act in the interests of producers with respect to: deliveries to elevators and grain dealers, access to binding CGC determination of grade and dockage, and allocation of producer railway cars. Repealing the CGC producer payment security program is also a proposed amendment and will benefit producers by reducing barriers for new entrants into the grain handling system and removing system costs.

Sub Activities:

1. Licensing and Security Program

Financial Resources ($ thousands):

2008-2009	2009-2010	2010-2011
1,994	659	659

The CGC licenses and regulates primary, process, transfer, and terminal elevators as well as grain dealers in accordance with the *Canada Grain Act*. Licensed elevators and grain dealers are required to post security to cover their liabilities to producers in the event of a company default. In addition, licensees are required to report grain handling information as stipulated in the *Canadian Grain Regulations* to facilitate the CGC's statistical reporting activities. This regulatory activity contributes to the fair treatment of western Canadian producers.

The following ongoing activities are components of the CGC's licensing and security program:

- Licensing eligible grain elevators and grain dealers.
  http://grainscanada.gc.ca/information/licensing-e.htm
  http://grainscanada.gc.ca/Regulatory/licensees/licensees-e.htm
- Obtaining security to protect producers in case of default by a licensee.
- Conducting audits of licensees' liabilities to producers to monitor compliance.

The expected result of this key program is licensing compliance in accordance with the *Canada Grain Act*. The performance indicator used to measure success is CGC response to known instances of licensing non-compliance. The target is zero instances where non-compliance has not been addressed. This activity directly supports departmental Priorities #1 and #3. The proposed amendments to the *Canada Grain Act* (Priority #7) include ending the producer payment security program. During the reporting period, the CGC will continue to investigate unlicensed facilities and enforce licensing and security compliance in accordance with the provisions of the current *Canada Grain Act* and *Regulations*.

2. Producer Car Allocation Program

Financial Resources ($ thousands):

2008-2009	2009-2010	2010-2011
195	195	195

Pursuant to the *Canada Grain Act* and *Regulations*, the CGC provides and makes available an alternate grain delivery mechanism for producers and producer groups that wish to ship their own grain. The CGC has sole responsibility for the allocation of producer cars for both Canadian Wheat Board (CWB) and non-CWB grains. The CGC works closely and cooperatively with the CWB, grain companies, and the railways in an effort to ensure that producer car orders are filled in a timely manner. http://grainscanada.gc.ca/prodser/producercars/information/prodcars-e.htm

The expected result of this activity is an alternate grain delivery mechanism for producers and producer groups. The performance indicator used to measure the CGC's ability to deliver upon the expected result is the CGC's response to complaints with respect to administration of the allocation of producer cars. The target is zero unresolved or unaddressed complaints. Managing the allocation of railcars for individual requests contributes to departmental Priority #1.

3. Producer Support Programs

Financial Resources ($ thousands):

2008-2009	2009-2010	2010-2011
2,675	884	884

The CGC has set up an information and compliance framework to safeguard fair and equitable grain transactions for producers. This helps to ensure that producers are properly compensated for the quality and quantity of grain delivered and shipped. This sub-activity is comprised of many programs and activities including mediating and/or arbitrating producer complaints concerning transactions with licensed grain companies, re-inspection of samples on producer request, and investigation of quality and dockage complaints. In addition, the CGC continually collects and updates grain quality data and grain handling information and makes it available to producers and other interested parties to facilitate producer sales and marketing decisions.

Inspection, weighing, and arbitration services are essential to the efficient and fair operation of grain markets for producers and the grain industry. Grades allow buyers to identify end-use characteristics without the need for end-use tests or direct examination of individual grain lots. The following ongoing activities are components of this key service:

- Mediating and/or arbitrating producer complaints concerning transactions with licensed grain companies to facilitate negotiated settlements acceptable to both parties. http://grainscanada.gc.ca/Regulatory/Licensees/for_producers-e.htm
- Re-inspection of samples on producer request and investigation of quality and dockage complaints to mediate and resolve issues with grain transactions. This may include provision of "subject to inspector's grade and dockage" for deliveries to licensed primary elevators or re-inspection for producer car deliveries to licensed terminal elevators. http://grainscanada.gc.ca/newsroom/news_releases/2004/2004-10-07b-e.htm
- Ongoing review of the *Canada Grain Act* and the *Canada Grain Regulations* to amend or eliminate regulations that are no longer relevant, enforceable, or contributing to the effective operation of the Canadian grain industry.
- Analysis of licensed primary elevator weigh-over/audit data and conducting investigations when appropriate. http://grainscanada.gc.ca/forms/licencerep/info_wei-e.htm

The CGC continually collects and updates grain quality data and grain handling information and makes it available to producers and other interested parties. This statistical information and technical support facilitates producer sales and marketing decisions. The following ongoing activities are components of this key service:

- Maintaining and disseminating grain quality assessment and technical information. http://www.grainscanada.gc.ca/Quality/harvsur/hs-e.htm http://www.grainscanada.gc.ca/Information/gq_tools-e.htm
- Publishing statistical reports on Canadian grain exports, grain stocks and grain handling within the licensed elevator system. http://grainscanada.gc.ca/pubs/pubmenu-e.htm#Statistical_Publications
- Providing statistical analysis and reports to industry and other government agencies as requested.
- Providing extension support to producers on statistical related topics (e.g. metric conversions, calculations, test weight conversion charts).

The expected result of the CGC's producer support programs is that producers are properly compensated for the quality and quantity of grain delivered within the licensed grain handling system. The performance indicator used to measure the CGC's ability to deliver upon the expected result is the CGC response to producer complaints related to compensation received for the quality and/or quantity of grain delivered within the licensed grain handling system. The target is zero unresolved or unaddressed complaints. Based on this expected result, fair treatment of producers by grain companies and dealers directly supports both departmental Priority #1 and #3. The proposed amendments to the *Canada Grain Act* (Priority #7) include extending "subject to inspector's grade and dockage" provisions to include producer deliveries to grain dealers and process elevators.

In order to measure the success of its efforts in providing technical and statistical information, the CGC tracks CGC response to complaints related to technical and statistical information provided. The target is zero unresolved or unaddressed complaints. Provision of technical and statistical information supports departmental Priority #1

SECTION III – SUPPLEMENTARY INFORMATION

Table 1: Departmental Link to the Government of Canada Outcomes

Strategic Outcome: Canada's grain is safe, reliable and marketable and Canadian grain producers are protected				
CGC Program Activity	**Planned Spending**			**Alignment to Government of Canada Outcome Area**
	2008-09	**2009-10**	**2010-11**	
Quality Assurance Program	53,306	28,886	28,886	An innovative and knowledge-based economy
Quantity Assurance Program	17,659	11,554	11,554	An innovative and knowledge-based economy
Grain Quality Research Program	11,350	4,431	4,431	An innovative and knowledge-based economy
Producer Protection Program	4,863	1,607	1,607	A fair and secure marketplace

Canada's Performance 2006 is the sixth annual report to Parliament on the federal government's contribution to Canada's performance as a nation, highlighting both strengths and areas for improvement (http://www.tbs-sct.gc.ca/report/govrev/06/cp-rc_e.asp). *Canada's Performance 2006* is structured around four main policy areas: economic affairs, social affairs, international affairs, and government affairs. Within these policy areas are thirteen broad Government of Canada outcomes that form the framework used for the whole of government reporting. Departmental strategic outcomes and program activities are categorized according to the thirteen Government of Canada outcomes.

The CGC's strategic outcome and program activities align with the key federal policy area of 'economic affairs'. As illustrated above, three of the CGC program activities align with and directly contribute to the pursuit of the Government of Canada outcome area: *An Innovative and Knowledge-based Economy*. The fourth CGC program activity aligns with and contributes to the pursuit of the Government of Canada outcome area: *A Fair and Secure Marketplace*.

The following tables contain supplementary information and can be accessed electronically at:

http://www.tbs-sct.gc.ca/est-pre/20082009/p3a_e.asp

Table 2: Evaluations

Table 3: Green Procurement

Table 4: Internal Audits

Table 5: Progress Toward the Department's Regulatory Plan

Table 6: Revolving Fund – Statement of Operations

Table 7: Services Received Without Charge

Table 8: Sources of Respendable Revenue

Table 9: Summary of Capital Spending by Program Activity

SECTION IV – OTHER ITEMS OF INTEREST

Corporate Infrastructure and Government-Wide Initiatives

CGC corporate infrastructure includes support functions such as management of human resources, information technology, statistical services, legal counsel, communications, finance, policy and planning, administration, health and safety, and project management. These functions enable the CGC to deliver the activities necessary to achieve its strategic outcome and result in improved performance, increased employee productivity and effective communication with industry and producers. Success will be measured by evaluating the effectiveness of specific activities and using measurement tools for specific programs such as competent staff, number of accidents, meeting legislative requirements, and efficiency gains due to well-developed information technology.

Although the CGC is a small department with limited resources, it prides itself on the ability to implement government-wide initiatives. Sound agency management denotes not only cost efficiency, but signifies the CGC's commitment to government-wide initiatives such as the Management Accountability Framework, providing services in both official languages, the Government On Line (GOL) initiative, and effective partnering with other government organizations to provide effective, efficient service to Canadians. Success in this area will be measured by tracking specific activities undertaken to achieve the goals of various government-wide initiatives and measuring program, unit, and individual performance against performance targets.

The CGC is committed to fulfilling its mandate in the most efficient and cost effective manner possible. The costs of both corporate infrastructure and implementation of government-wide initiatives are accounted for in the costs of delivering the CGC strategic outcome and program activities. The following provides a description of internal and government-wide CGC initiatives and activities.

Management of Human Resources

A skilled and motivated workforce is critical to the CGC in delivering its services to Canadians. The CGC is committed to providing an inclusive and diverse workplace that is representative of the citizens and communities served. The following activities and initiatives will contribute to the management of human resources in the planning period:

- Effectively communicating and integrating human resource goals, priorities, and business planning.
- Continuing to implement competency-based initiatives (performance management, training, and resourcing) to develop and sustain a capable workforce and fulfill departmental objectives.
- Continuing to integrate changes from the *Public Service Modernization Act* into CGC human resource policies and processes.
- Developing a succession strategy/process for CGC leadership.
- Implementing an informal conflict management system.
- Continuing to implement electronic or web-based tools.
- Implementing the CGC's Employment Equity Plan.

- Developing a performance management tool to be piloted in the organization.

The expected results of these planned activities include:

- Collaborative relationships between management, employees, and employee representatives.
- Competent staff able to move/progress within the department and the public service.
- Continuous improvement of HR management skills by managers and supervisors.
- A workplace culture that encourages diversity and enables employees to learn and to progress within the department.
- A skilled workforce more representative of Canada's population and in compliance with the *Employment Equity Act*.

Information Technology

- Developing and managing an information technology infrastructure that is responsive, secure, and provides support to enhance all aspects of CGC business.
- Developing, acquiring, and implementing advanced software applications and providing Information Technology operational support.
- Storing, handling, and providing operational data in a secure and timely manner to improve decision-making and reduce costs.

Statistical Services

- Providing concise and timely statistical support to all work groups.
- Providing support to Information Technology in maintaining the data-integrity, functioning and quality of Industry Services software.
- Providing extension support to industry and other government organizations on statistical related topics.

Communications

- Providing effective internal communications (e.g. Staff Net, bulletins, Chief Operating Officer communications, planning session information).
- Developing and implementing effective external communication tools (e.g. CGC web-site, news releases, and industry meetings, and conferences).
- Continuing to develop communication skills within the organization.
- Promoting and implementing the requirements of the *Official Languages Act* to provide improved services and information in both official languages.

Library Services

- Providing a holding library for all CGC publications and maintaining a collection in a variety of formats (books, reports, images, electronic resources) that specializes in grain research and all aspects of the grain trade for CGC staff, industry stakeholders, other government organizations, and the public.
- Providing reference and technical services that support the research needs of clients.

Finance

- Contributing to the success of the Federal Accountability Action Plan.
- Continuing the delivery of transactional and financial reporting requirements, as well as providing guidance to the organization.
- Responding to the requirements of the *User Fees Act*.

Policy and Planning

- Providing policy support to all work groups to aid in corporate decision making.

Legal Counsel

- Providing legal advice and support to all work groups to aid in corporate decision making and management of CGC activities.

Administration Services

- Managing national and regional administrative programs and policies in order to provide efficient and effective administrative support to all CGC divisions.
- Managing CGC facilities and telecommunications to secure rent and telecom savings and provide an efficient, safe and healthy work environment.
- Addressing CGC service accommodation needs.
- Testing business continuity and pandemic plans and training staff to ensure the delivery of services are more reliable and secure in case of a hazardous occurrence.

Health and Safety

- Managing the ongoing development of an effective health and safety program aimed at achieving a decreased accident rate and a healthy, productive workforce.
- Testing business continuity and pandemic plans and training staff to ensure the delivery of services are more reliable and secure in case of a hazardous occurrence.

Corporate Development

- Continuing to record and support the expanding list of activities to fulfil the mandate of the Management Accountability Framework.
- Continuing to improve performance measures by which unit and individual employee effort is evaluated for all CGC activities.
- Completing service standards for all fee-for-service CGC activities.

Partnering with Other Government Organizations

- Ongoing provision of phytosanitary inspection of grain elevators on behalf of the CFIA to eliminate the duplication of services.
- Ongoing provision of grain inspection on behalf of the U.S. Federal Grain Inspection Service in eastern Canada as per the Memorandum of Service to facilitate the movement of grain.

Project Management System

- Assisting project leads to utilize a formal process, supported by standardized documentation requirements, resulting in the project leads engaging in consultations and detailed planning prior to submitting proposed projects for approval by Executive Management Committee (EMC). The project approval document provides detail on the project's objectives and linkage to strategic objectives and priorities, defines the scope, expected deliverables, estimated resources requirements and costs, timelines, dependencies, and risk management strategy.
- Facilitating the review and preliminary approval of proposed projects by the divisional director(s) responsible for sponsoring the project, and the review and formal project approval by EMC.
- Assisting project leads to provide appropriately scheduled milestone and/or update reports and project close-out reports using standardized documentation to formally report on project progress, results achieved, and analysis of any variances impacting cost, deliverables, schedule, risks, lesson learned, etc. to assist the director-sponsor and EMC in monitoring the progress and outcomes of the projects.
- Facilitating the review of these documents by the director-sponsor and EMC, and maintaining documentation on current and past projects.

CGC Partnerships

The CGC and the GQAS are integral to the functioning of Canada's grain industry. In our role as a neutral, third party regulator and arbiter, the CGC works in partnership with virtually every participant in the industry.

Key Partners	Areas of Co-operation
Industry	
Producers and producers' organizations Grain Dealers and Elevators Railways Processors Universities Plant Breeders Canola Council of Canada Flax Council of Canada Pulse Canada Instrument R&D and Manufacturing Companies Canadian Wheat Board Canadian International Grains Institute Canadian Seed Institute Canadian Soybean Exporters Association Grain Exporters Ontario Wheat Producers' Marketing Board Western Grains Research Foundation	Setting grain quality standards Operation of the grain quality and quantity assurance system Provide grain shipment and unload data interchange Dispute resolution for quality and quantity issues Development and implementation of policies and regulations Sharing market information Market development and support Research and technology transfer Auditing and certifying industry IP systems Joint research projects Evaluation of new technologies being developed by private industry Provide information/training sessions on specific grain grading practices Support private industry's development of private grain inspection staff
Portfolio Departments and Agencies	
Agriculture and Agri-Food Canada Canadian Food Inspection Agency Canadian Dairy Commission Farm Credit Canada National Farm Products Council	Grain data co-ordination Sharing knowledge/expert opinion Research Strategic planning Meeting international tolerances for toxic contaminants in grain Shared quality and quantity assurance program delivery
Other Government Departments	
International Trade Canada Statistics Canada Industry Canada Health Canada Canada Border Services Agency Transport Canada Justice Canada	Sharing knowledge and expert opinion Facilitating international trade Publication of grain statistics Market development and support Grain shipment and unload data interchange Inspection and certification of licensed terminal and transfer elevator scales Regulation of grain imports

Key Partners	Areas of Co-operation
Foreign	
U.S. Department of Agriculture (Grain Inspection, Packers and Stockyards Administration) Ministry of Agriculture, Forestry and Fisheries (Japan) Ministry of Commerce, Economic Control and Fraud Prevention Branch (Algeria) Commonwealth Scientific and Industrial Research Organisation (Australia) State Administration of Grain (China)	Shared knowledge and expert opinion Shared quality assurance program delivery Facilitating international trade Research Technology training